

SOUTHERLAND

Quality Bedding Since 1893

March 27, 2002

Federal Trade Commission
Office of the Secretary
Room 159
600 Pennsylvania Avenue
Washington, D.C. 20580

**Re: Telemarketing Rulemaking—Comments
FTC File No. R411001**

Dear Secretary:

Southerland, Inc. submits this letter in response to the FTC's request for comments concerning its proposed changes in the regulations governing telemarketing. Southerland, Inc. does not engage directly in telemarketing. However, Southerland manufactures products purchased by companies that rely on telemarketing as a substantial element of their sales strategy. The purpose of this letter is to bring to the attention of the FTC the fact that the proposed rulemaking would have an adverse economic effect on Southerland, Inc. and other suppliers of telemarketers' products and would have a ripple effect that would chill the economy in areas outside the generally perceived specter of traditional telemarketers.

Southerland Inc. is a family owned company engaged in the business of manufacturing mattresses and bedding products. Included in its product line is a specialized mattress designed for use with the Craftmatic Adjustable Bed. Craftmatic is one of Southerland's largest customers. Craftmatic engages in extensive telemarketing under a system that is currently exempt from federal regulation because Craftmatic employs telemarketers to arrange in-home sales presentations rather than to sell the product directly over the telephone. The proposed rulemaking would change the nature of federal telemarketing regulations

to an extent that would most likely cause significant increases in Craftmatic's marketing costs and decreases in Craftmatic's sales. These potential problems are explained in greater detail in the comments submitted separately by Craftmatic. Southerland is concerned that any adverse impact on Craftmatic's business resulting from the proposed regulations will also have an adverse economic effect on Southerland's sales and operations.

Southerland is a medium-sized business having a single manufacturing facility located in Nashville, Tennessee. Southerland employs approximately one hundred twenty five (125) employees, the large majority of whom are hourly wage earners involved in the manufacturing process. Craftmatic represents approximately *six* million dollars (\$6,000,000) of Southerland's annual gross income. The negative impact of the proposed rulemaking on Craftmatic will inevitably trickle down to Southerland. A decline in Craftmatic's sales will cause a direct reduction in its purchases of Southerland's mattresses. This reduction in demand for Southerland products will necessarily decrease Southerland's income and will ultimately result in a reduction in its labor force. Southerland's workers represent the backbone of the American economy. When determining whether to confirm the proposed rule the FTC should seriously consider the negative impact of its proposed rulemaking on hourly wage earners like those employed by Southerland, who are collateral to the telemarketing industry.

Southerland understands the concerns for individual privacy and deterrence of telemarketing fraud or trickery that gave impetus to the proposed rulemaking. However, Southerland feels that current federal regulations combined with state laws restricting the telemarketing industry adequately address those concerns. At a minimum, the proposed rulemaking should be modified to allow an exception for companies like Craftmatic who employ telemarketing only to arrange appointments for sales presentations rather than to make direct sales over the telephone. The separate sales presentation provides consumers with ample opportunity to make an informed and reflective decision regarding any purchase.

Finally, Southerland also understands that the proposed rulemaking likely enjoys large public support because the public often feels inconvenienced by intrusions by the telemarketing industry as a whole. The general public, however, does not typically consider the overall economic impact such restrictions would have. Southerland respectfully urges that the FTC weigh the economic impact of the regulation against public concerns. Given the certain negative effect of the proposed regulation on the economy and the already extensive federal and state controls that govern the telemarketing industry,

Southerland feels strongly that the FTC should not enact this proposed rule.

Respectfully submitted,

A handwritten signature in black ink that reads "Herman Southerland". The signature is written in a cursive, flowing style.

Herman Southerland
Chairman and Chief Executive Officer